



AMERICAN CHAMBER  
MEXICO

A faint, white outline map of Mexico is centered on the page, serving as a background for the title text.

# **Business Security Survey**

## **in Mexico**

**Fifth Edition**

An orange outline map of Mexico is positioned in the background, showing the country's borders and internal state divisions.

# **Business Security Survey**

## **in Mexico**

**Fifth Edition**

**AMERICAN CHAMBER/MEXICO**

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## Partnering Institutions

AMERICAN CHAMBER/ MEXICO is pleased to acknowledge and thank the following organizations for their invaluable support in carrying out the fifth edition of the Business Security Survey in Mexico.

American Society for Industrial Security (ASIS)

British Chamber of Commerce

Japan Chamber of Commerce and Industry

Kroll México

## Preface

For the fifth consecutive year, **AMERICAN CHAMBER OF COMMERCE OF MEXICO** has conducted a survey to reveal the private sector's main concerns in security matters and thus be able to assess the impact that these issues have on business operations.

This edition is slightly different from previous versions, as it includes very specific questions about the security of company assets and the supply chain in order to obtain a much more comprehensive view of the impact of security on the private sector.

Among the key elements that this survey explores are: security matters of greatest concern for businesses; geographical areas that represent the greatest risk; measures taken by companies; expectations for security in the upcoming years and actions taken by authorities to strengthen security.

**AMERICAN CHAMBER OF COMMERCE OF MEXICO** is a business organization made up of more than 1,500 national and foreign companies, of different sizes and from different economic sectors, which represent around 70% of foreign direct investment and employ nearly 30% of the country's workforce.

**AMERICAN CHAMBER/MEXICO** was founded more than 90 years ago, positioning itself as a non-profit and non-partisan organization. It is affiliated with two of the world's most active and important international business organizations: the United States Chamber of Commerce and the Association of American Chambers of Commerce of Latin America (AACCLA).

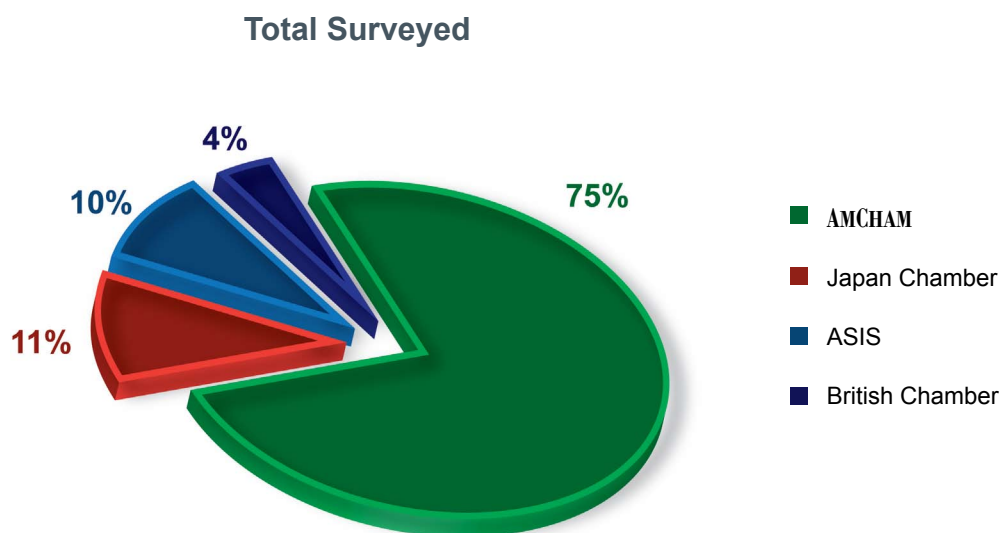
Today, the companies that make up **AMERICAN CHAMBER/MEXICO** contribute significantly to economic and trade development as well as to strengthening the relationship between Mexico and the United States.

## Methodology

AMERICAN CHAMBER/MEXICO's Security Committee created a questionnaire based on the model used for the Fourth Business Security Survey, which it further developed with specific questions about security of company assets and the supply chain.

The survey was sent to members of AMERICAN CHAMBER/MEXICO's three locations (Mexico City, Guadalajara and Monterrey) as well as to members of the American Society for Industrial Security (ASIS), the British Chamber of Commerce and the Japan Chamber of Commerce and Industry.

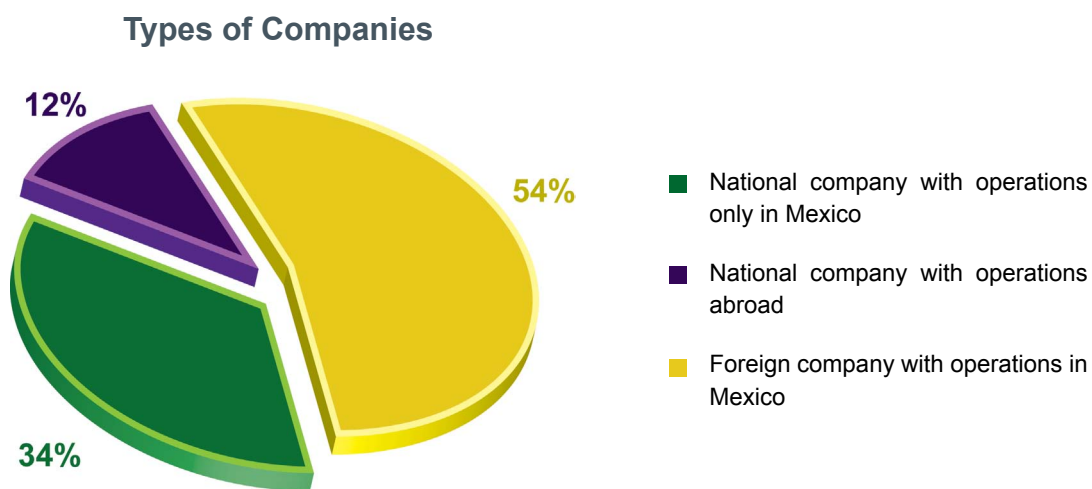
A total of 531 questionnaires were received, which were answered between November 22, 2012 and January 15, 2013. AMCHAM members responded to 75% of the surveys, which were complemented by answers from members of the partnering institutions.



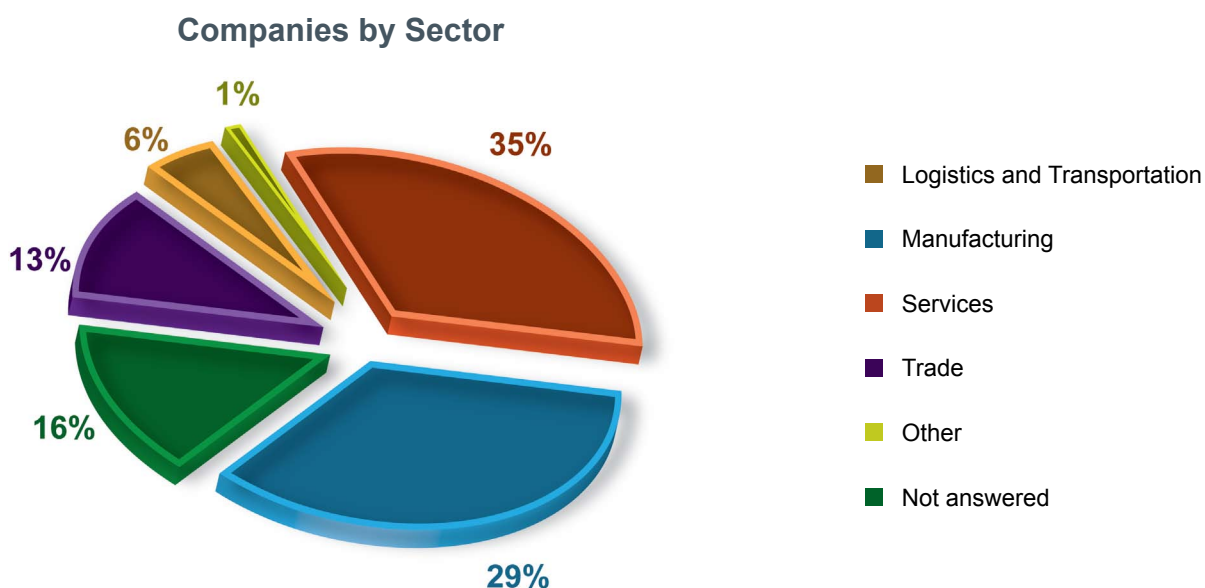
It should be noted that the number of answers increased in respect to the previous edition, which shows a renewed interest from our members to participate in discussions about security in Mexico.

## Characteristics of Surveyed Companies

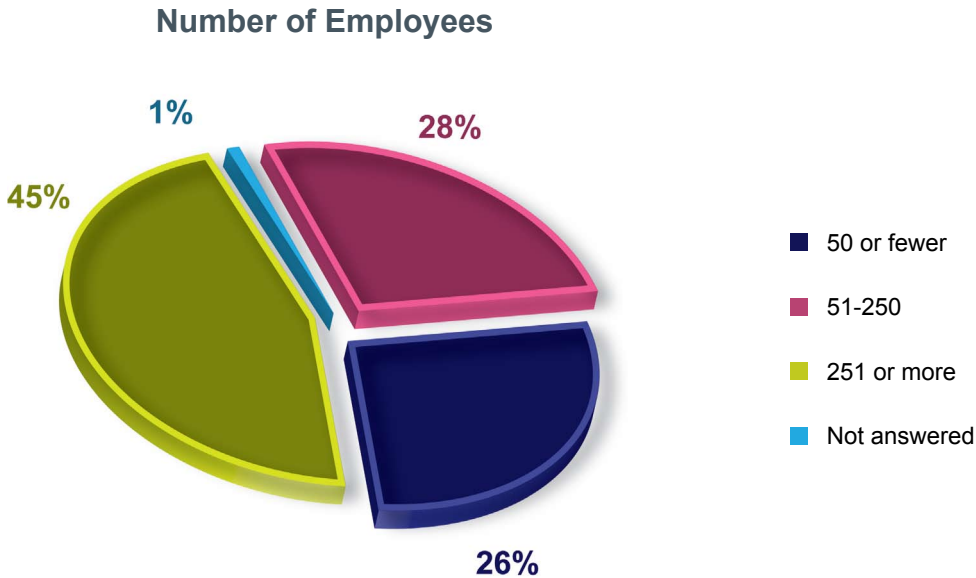
Slightly more than half of the surveyed companies are foreign companies with operations in Mexico. National companies with operations exclusively within the country represent 34% of the companies that answered this survey. In this edition, the percentage of national companies that were represented was greater than in the previous edition, in which it was 23%.



Furthermore, the service sector continues to be the most represented in this survey, with 35% of the companies classified within this sector, followed by the manufacturing sector with 29%.



Of the companies represented, 45% are considerably sized with more than 250 employees. Nonetheless, the presence of small companies with less than 50 employees is also relevant, representing 26%. Thus, the trend that was seen in earlier editions has persisted.



Slightly more than 48% of the surveyed companies' main facilities (plants, offices and distribution centers) are located in Jalisco, Nuevo León, the State of Mexico and Mexico City. The area where the greastest number of facilites are concentrated is Nuevo León, with 16% of the total, followed by Mexico City, with 14%, and Jalisco, with 11%.

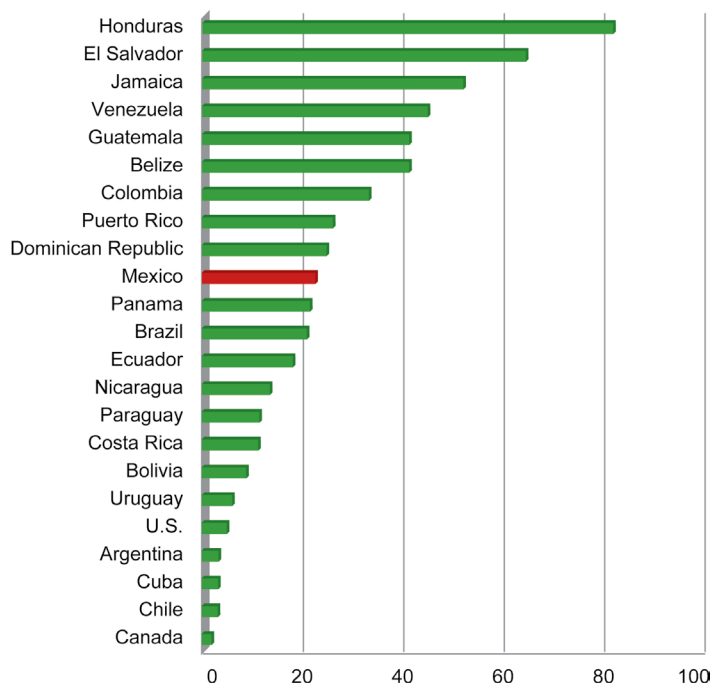


## The Context of the Study

During the period that this study covers, the country's security situation stabilized. There were no considerable increases in insecurity, such as those observed in the 2011 and 2012 editions; however, the number of violence hot spots increased in Comarca Lagunera and Acapulco, while a decrease was observed in the perception and incidences of insecurity in Juárez and Monterrey.

Comparing the situation in Mexico to those of other countries in the Americas, it can be observed that the homicide rate for every one hundred thousand inhabitants is below countries such as Colombia and Venezuela.

**Homicide Rates  
in the Americas**  
(Homicides for every  
100,000 inhabitants)



Source: Prepared by AmCham based on the statistics published by the United Nation's Office on Drugs and Crime (UNODC).

Moreover, the projections for foreign investment suggest that the country will maintain its attraction for investment.

## Foreign Investment



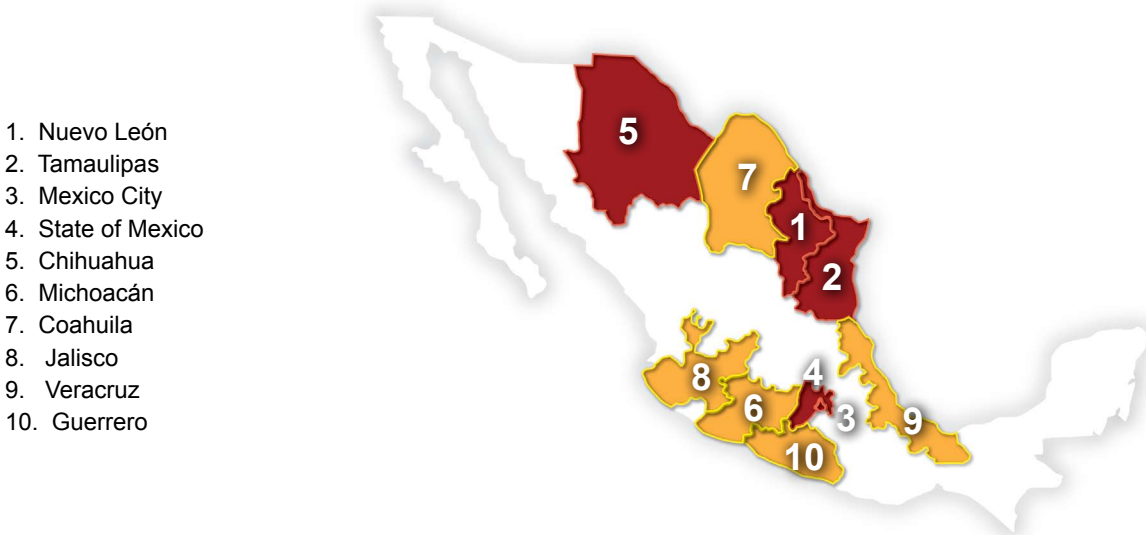
Prepared by AmCham based on the compilation of economic indicators "Stats that Stick," developed by AmCham Chief Economist, Dr. Deborah Riner. Available at [http://www.amcham.org.mx/key-resources/economic\\_indicators.aspx](http://www.amcham.org.mx/key-resources/economic_indicators.aspx) (Last reference on May 7, 2013).



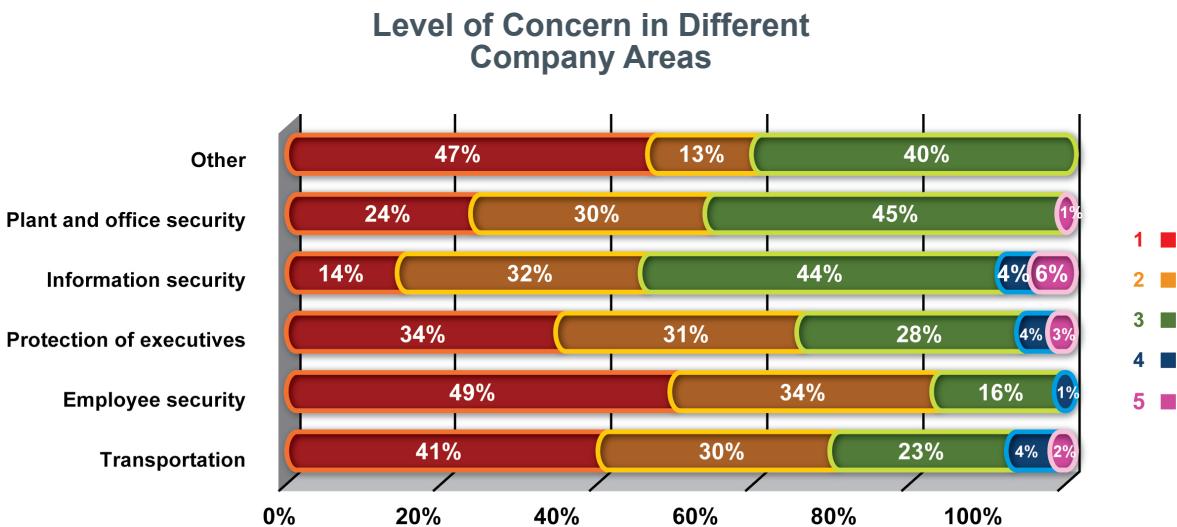
# Survey Results

## Geographical areas and topics of Greatest Concern

According to survey results, the three states perceived to have the greatest security challenges are Nuevo León, Tamaulipas and Mexico City; while those seen as entities with the fewest problems are Campeche, Chiapas, Tlaxcala, Oaxaca, Quintana Roo and Yucatán. In comparison with the previous edition of this survey, the perception of the most problematic states remains relatively consistent.



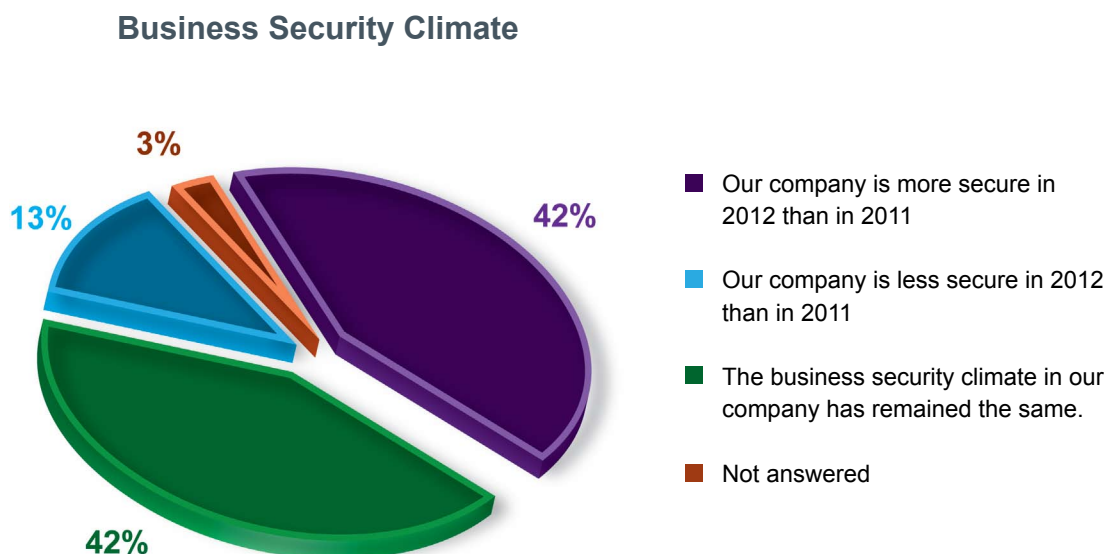
Also, in line with the results from previous years, employee security continues to be survey participants' main concern. Transportation security is the second area of highest concern, followed by security in facilities. The importance that survey participants place on protecting top level executives has reduced in comparison with the previous year.



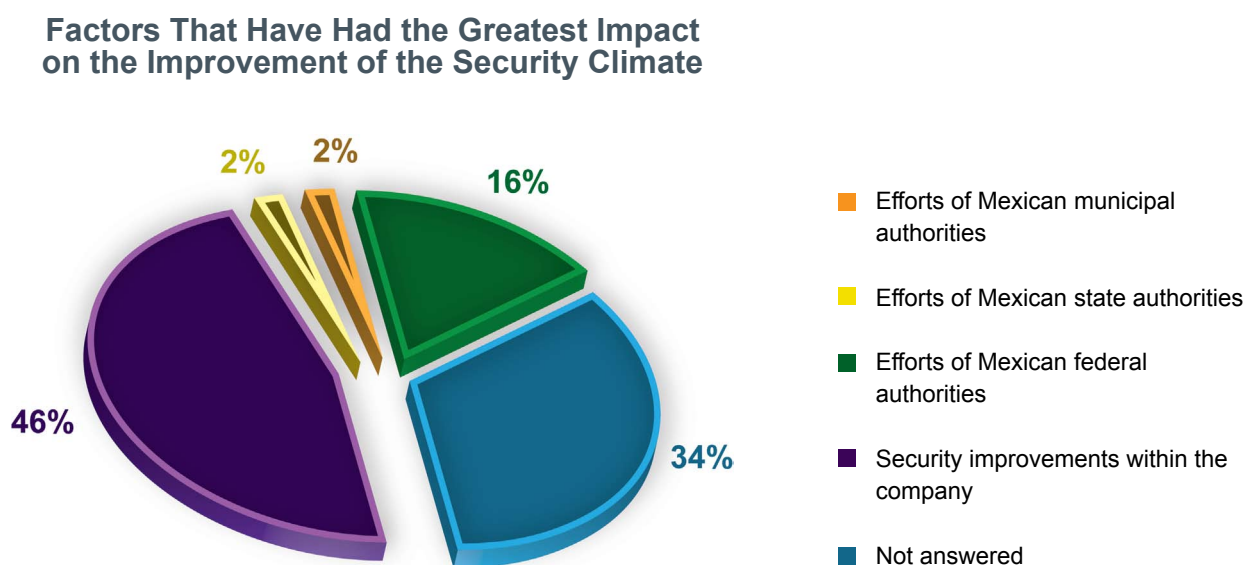
Note: The scale of 1-5 represents each area's degree of concern, where 1 represents the greatest concern and 5, the lowest concern.

## Changes in the Security Climate

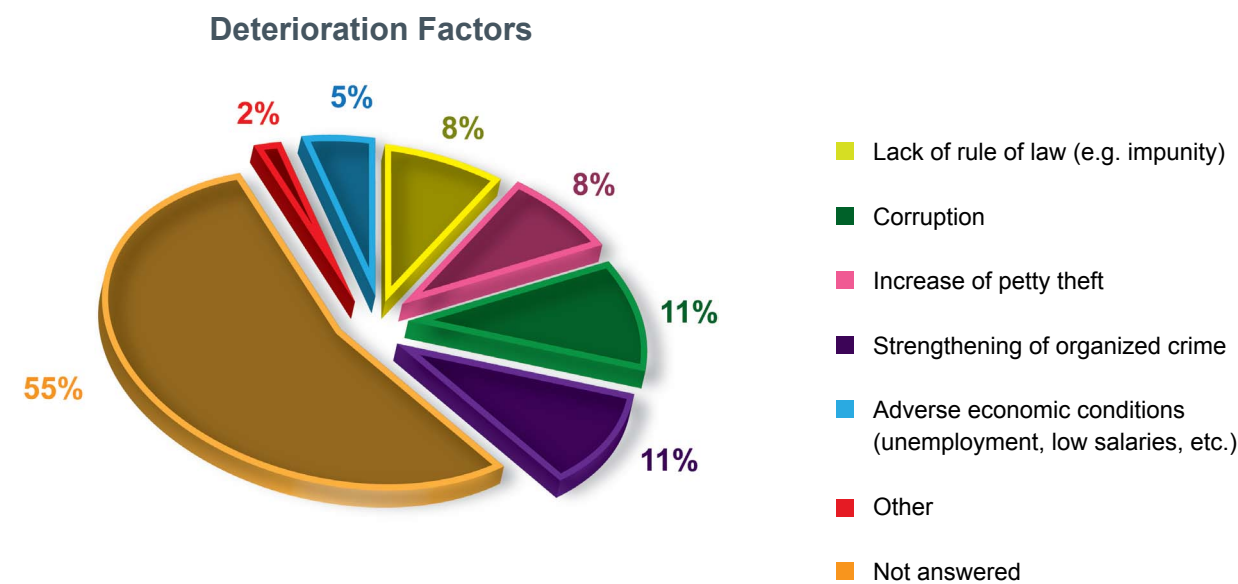
Of those surveyed, 84% considered their business security climate to be the same or better in 2012 than in 2011. Only 13% of the survey participants thought the security climate of their company was currently worse. It should be noted that in the previous edition, 25% of the survey participants considered their company to be less secure than the previous year. As can be observed in the following graph, there has been a considerable improvement in the perception of security.



Among those surveyed who considered that there was an improvement, 46% responded that the security improvements with the greatest impact were those that had been carried out within their company. The next greatest impact was attributed to efforts of Mexican authorities on a federal level.

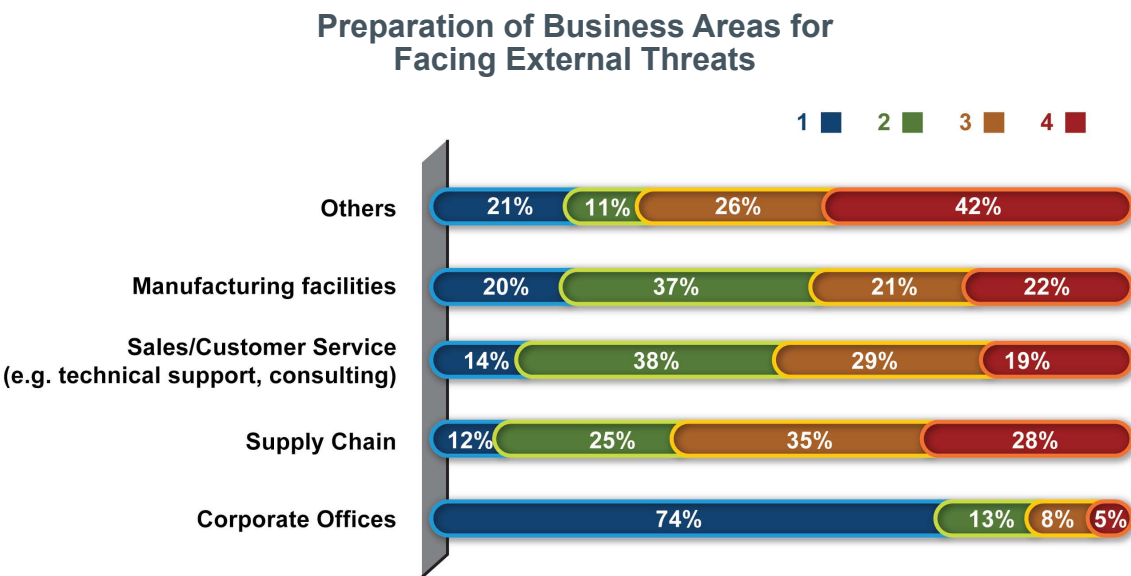


On the other hand, those who considered that security conditions have deteriorated attribute it to the strengthening of organized crime as well as to corruption.



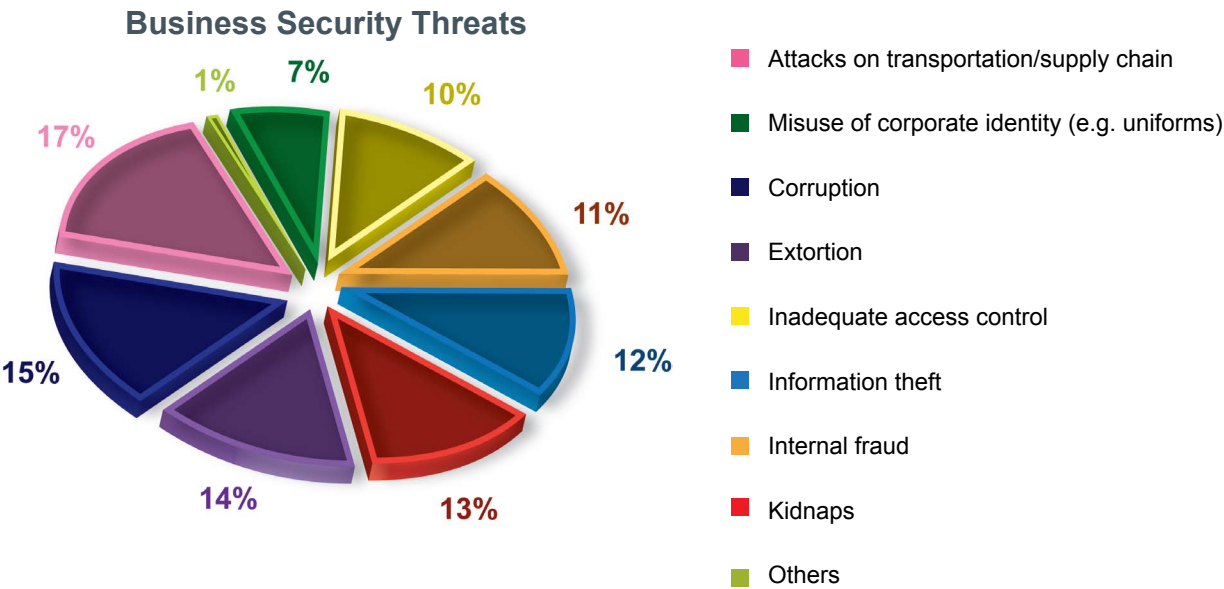
**Business Risks**

Survey participants consider their corporate office to be the area of the company that is best prepared to face external threats. Meanwhile, sales and customer service areas and the supply chain are considered to be the least prepared. It is important to note that the ability to face threats in the manufacturing area is considered to be less this year than in the previous year.



Nota: The scale of 1-4 represents each area's degree of preparation, where 1 represents the best and 4 the least prepared.

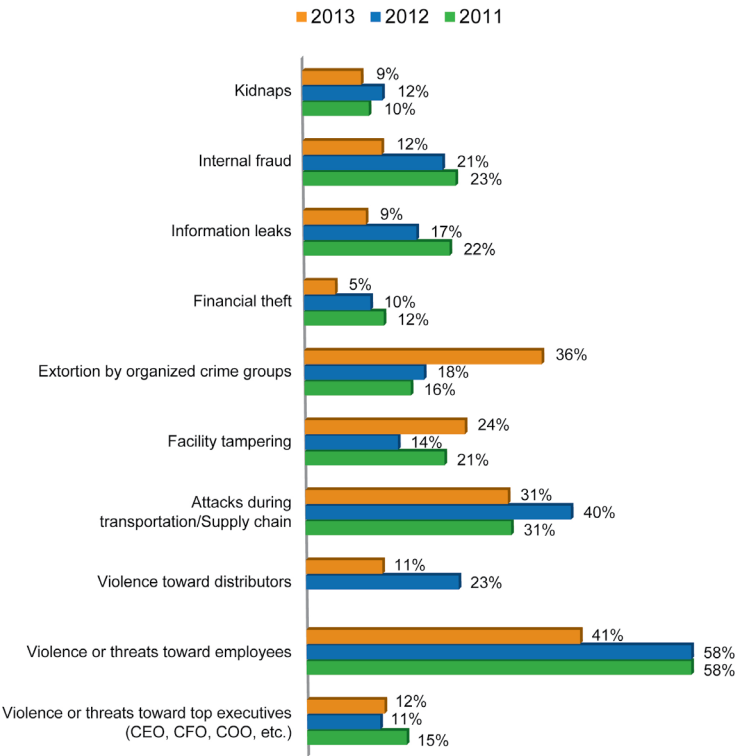
Attacks on transportation and on the supply chain are identified as the main threats that companies operating in Mexico face, followed by corruption and extortion. In the previous edition of the survey, attacks on the supply chain were also considered to be the main risk, followed by misuse of corporate image and extortion.



### Damages Suffered by Companies

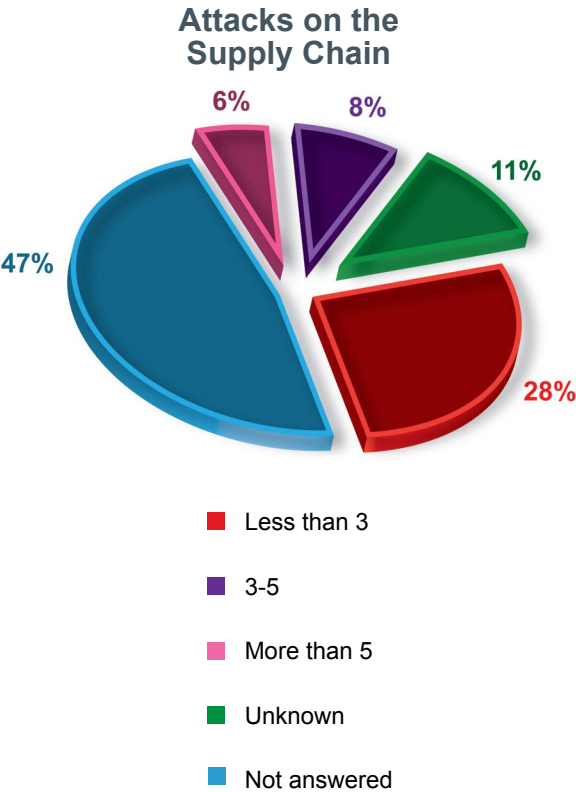
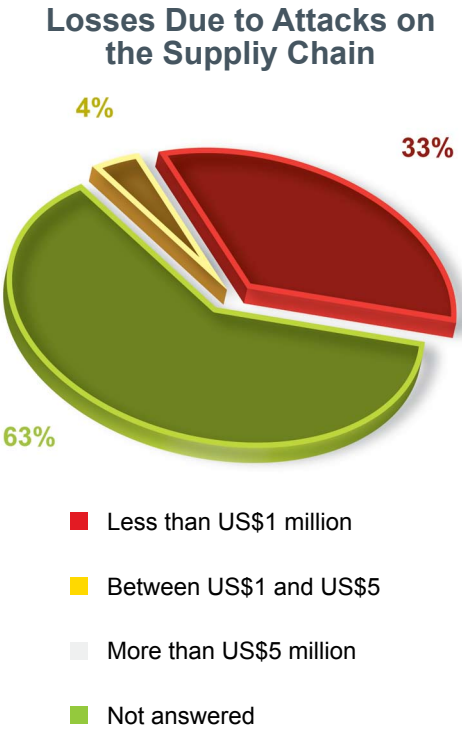
When survey participants were asked what type of attacks they had suffered in 2012, they responded that the most common were threats or violence against employees, attacks on the supply chain and telephone extortion. Despite violence toward employees being listed as one of the primary incidences, there were fewer cases, reducing from 58% to 41% in this edition.

Overall, the answers provided are consistent with the perception that survey participants have of threats and their own security priorities.

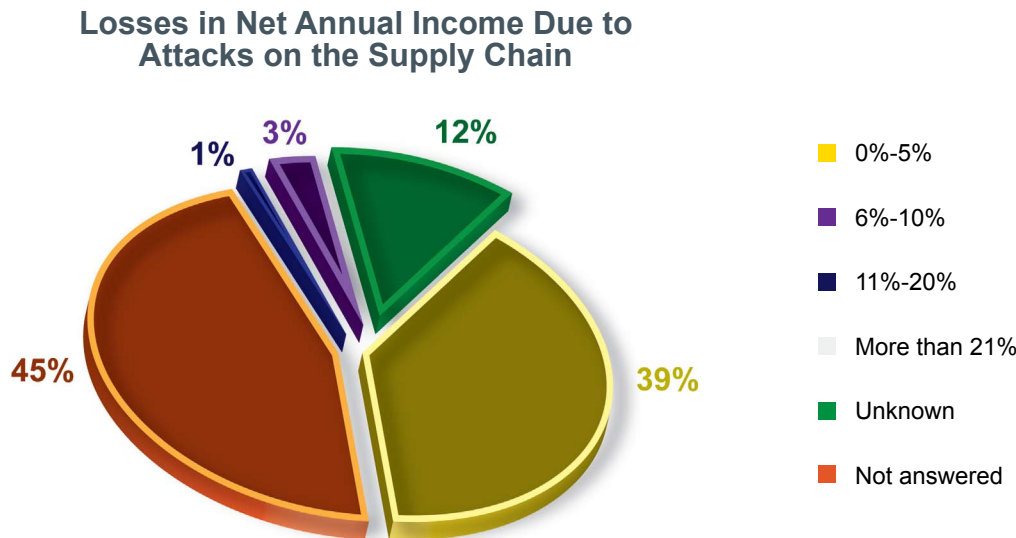


Of the survey participants who suffered attacks on the supply chain, 33% responded that they lost less than one million dollars, 4% lost between 1 and 5 million dollars, and less than 1% of those who responded to the question lost more than 5 million dollars.

Overall, there has been less loss of money as a result of attacks on the supply chain, as those who lost more than 1 million dollars in the last edition, represented 12%. In addition, of those who responded, 28% experienced less than three attacks on the supply chain in 2012.



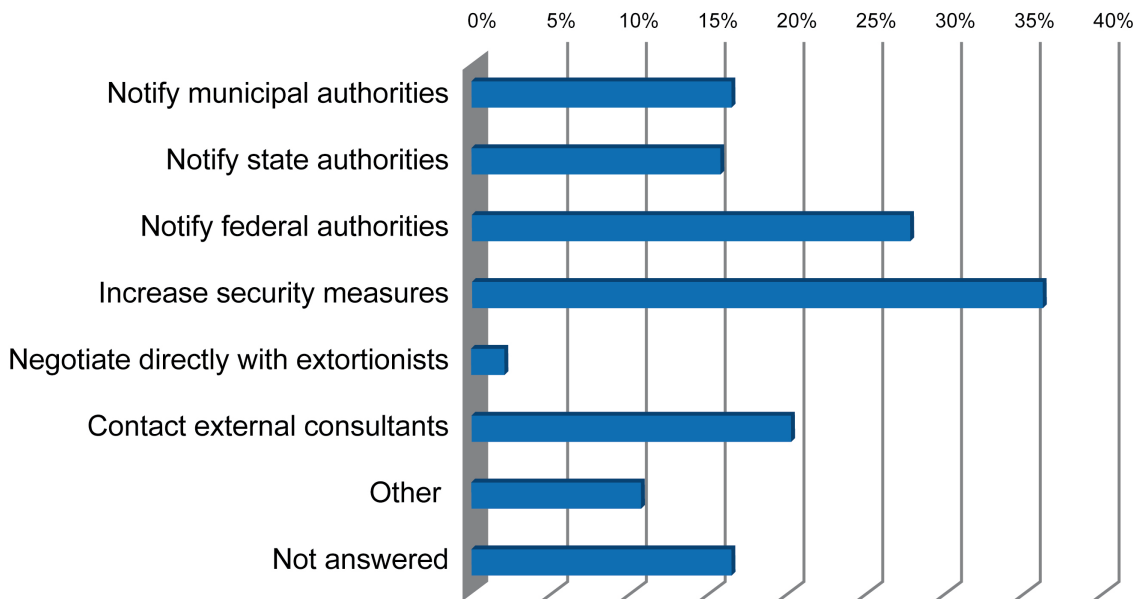
Finally, the results show that 39% of the surveyed companies lost less than 5% of their net annual income due to attacks on the supply chain.



## Reactions to Extortion and to Authorities' Performance

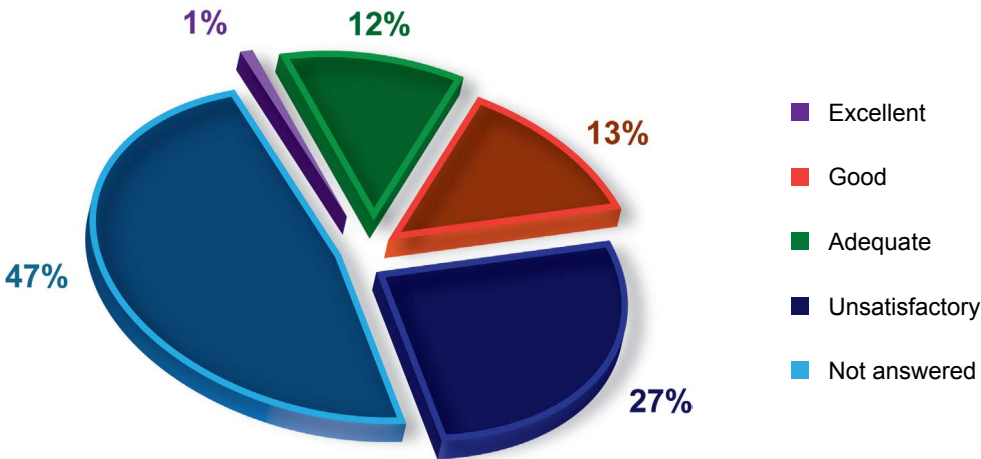
As in the previous edition, when surveyed companies suffered cases of extortion, the majority increased security measures or notified federal authorities. A third course of action adopted this year by survey participants was to contact external consultants for support and advice. It is worth mentioning that these options are not mutually exclusive and may be applied simultaneously. In fact, in most cases two or more actions were combined.

How Companies React to Extortion



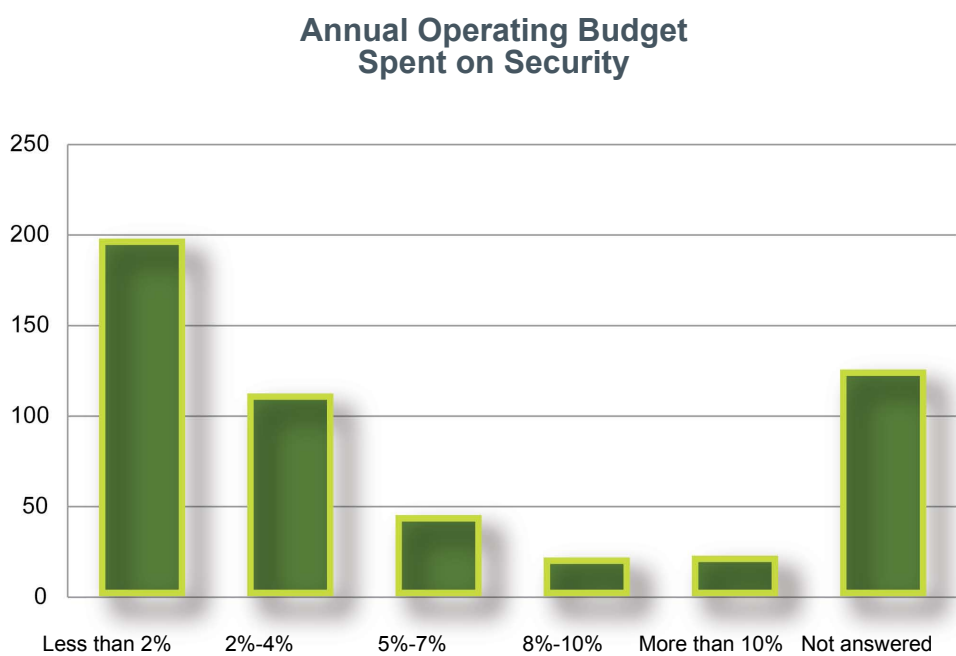
Of those surveyed, 13% considered that the response from authorities was positive; while 12% considered that the response was adequate. In effect, 26% of the survey participants answered that the response from authorities was positive.

Actions of Public Authorities in Response to Reported Extortions

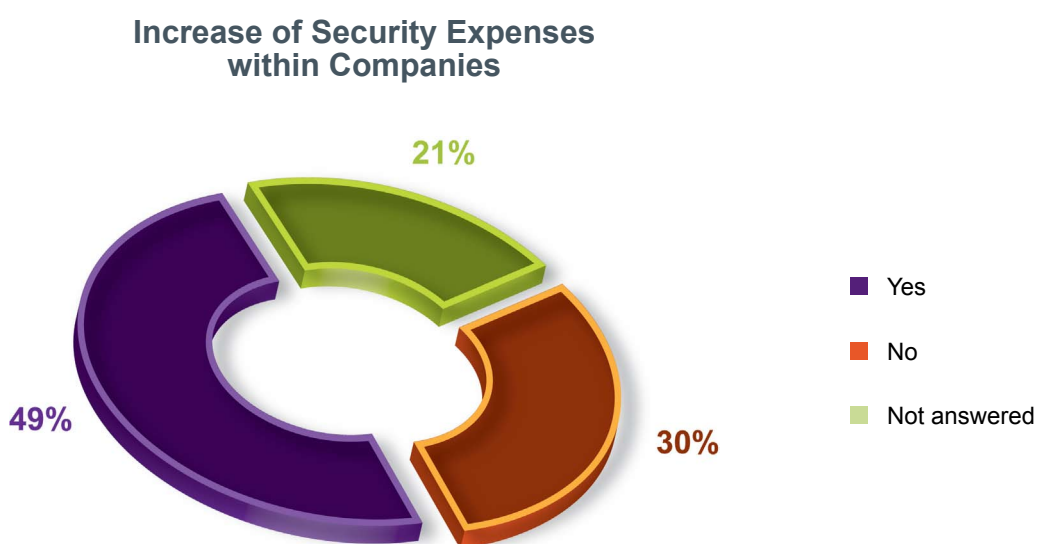


# Measures Taken by Companies

In line with the trend presented in previous years, surveyed companies' security budgets remained at an average of 4% of the total operating costs.



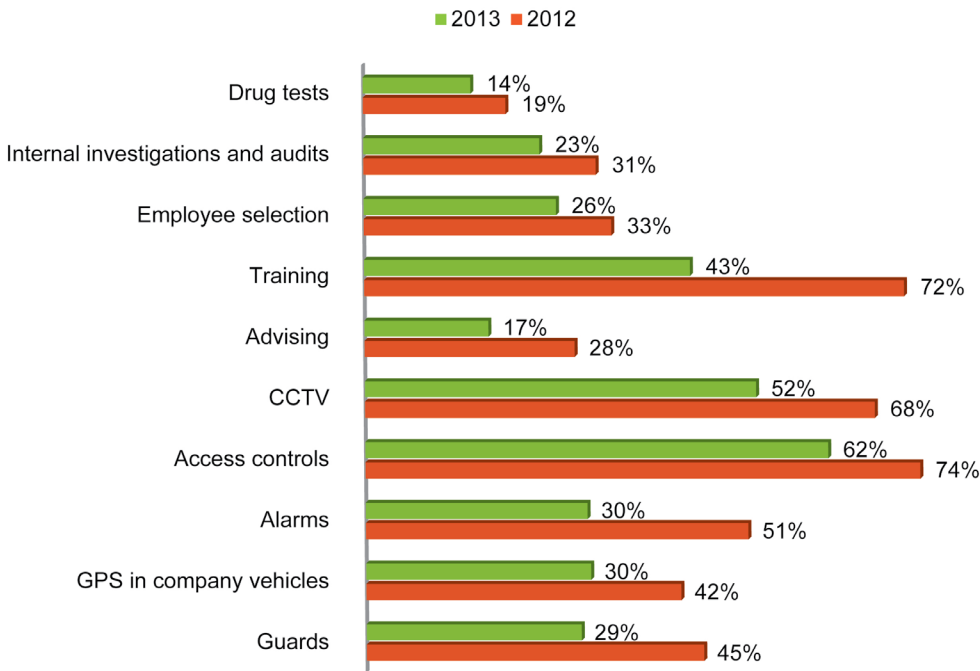
On the other hand, 49% of those surveyed responded that security expenses within the company had increased during the last year, a lesser percentage than was reported in the previous edition, when 61% of the survey participants answered the question affirmatively.





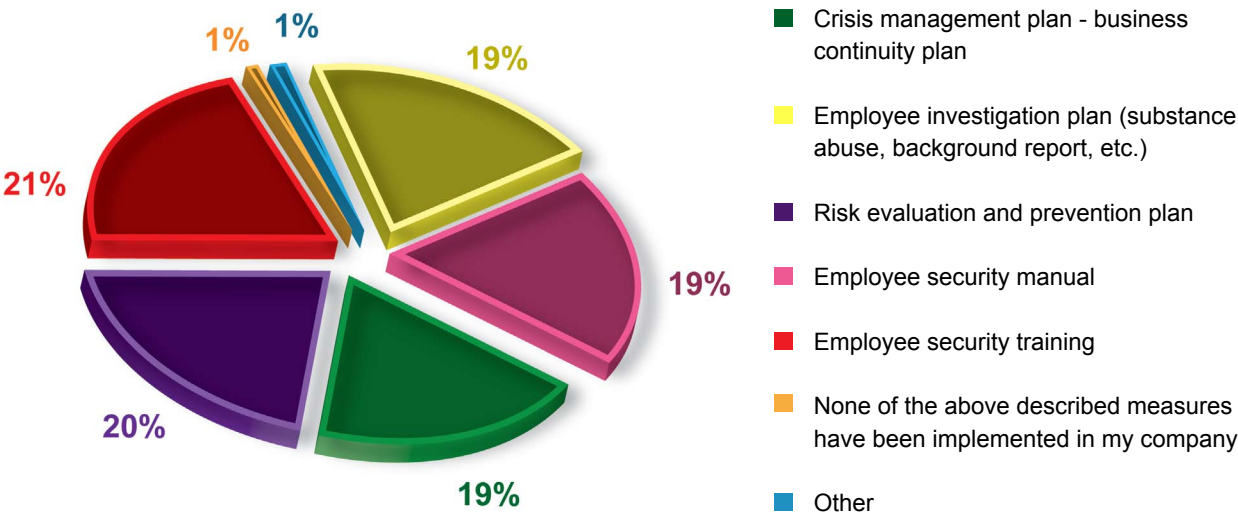
Of the companies that plan to increase their security expenses, 49% responded that they would allocate a larger portion of their resources to the improvement of access controls, the installation of closed circuit television (CCTV), and staff training. Although the percentages are lower in this most recent survey, they coincide with the trend presented in the previous three editions of the study.

### What Will Investment in Security Be Allocated Toward over the Next Two Years?



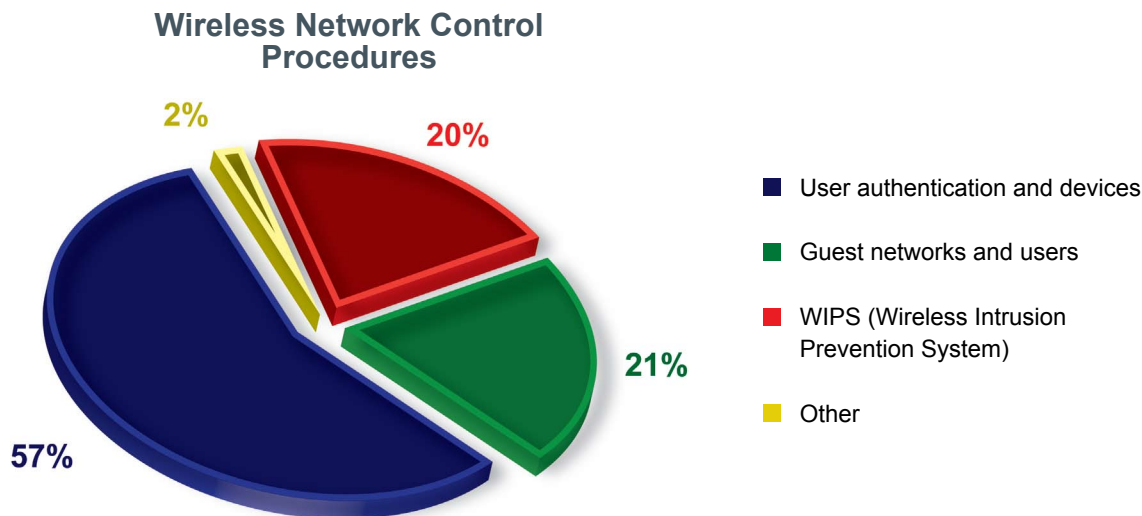
In respect to the actions that companies have implemented relating to security matters, training stands out followed by the creation of security evaluations and prevention plans.

### Implemented Security Actions

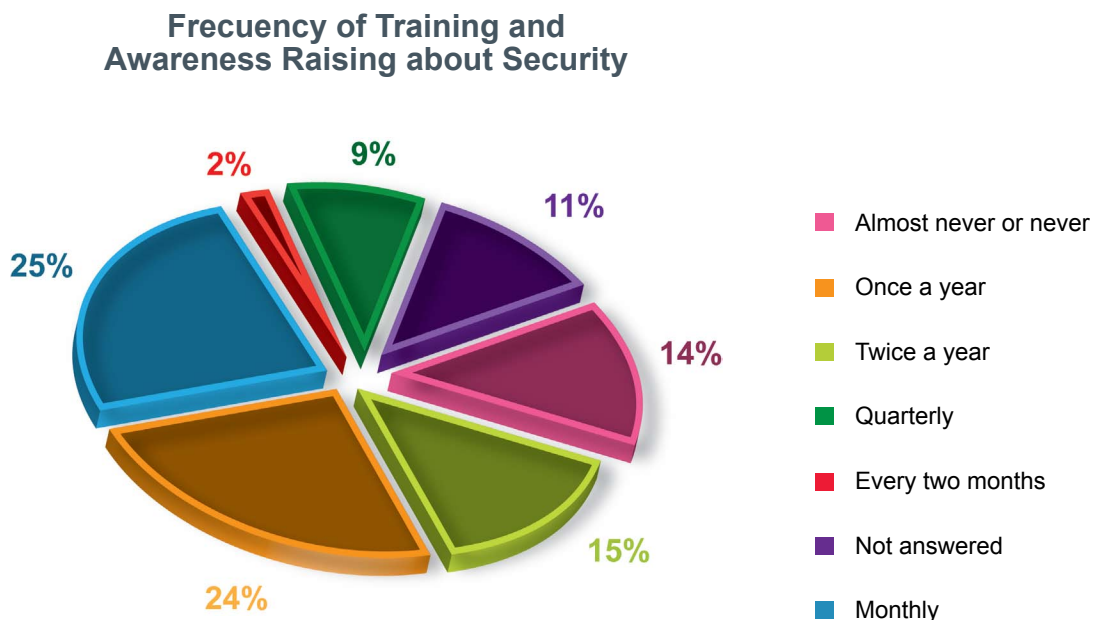




Regarding the protection of wireless networks, 57% reported the use of user authentication and devices, while nearly a fifth of the survey participants also rely on the use of Wireless Intrusion Prevention System (WIPS) and limited networks for guest users.

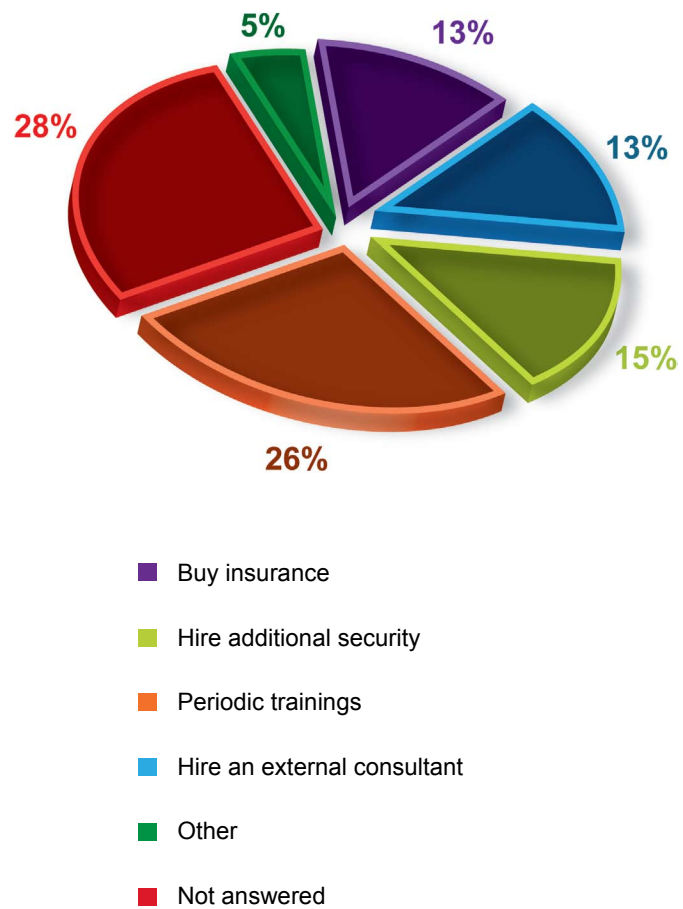


In regards to the frequency of training and awareness raising about employee and contractor security, it was found that a considerable part of the survey participants only carried out two trainings or less per year. Of the 61% of survey participants who held trainings, 24% only held them once a year; 15% held them twice a year; and 11%, monthly.



Among the new security measures that were applied to protect employees and companies, periodic trainings were the most used, with 26%, followed by the hiring of additional security personnel, with 15%. Companies also acquired new insurance or turned to external consultants.

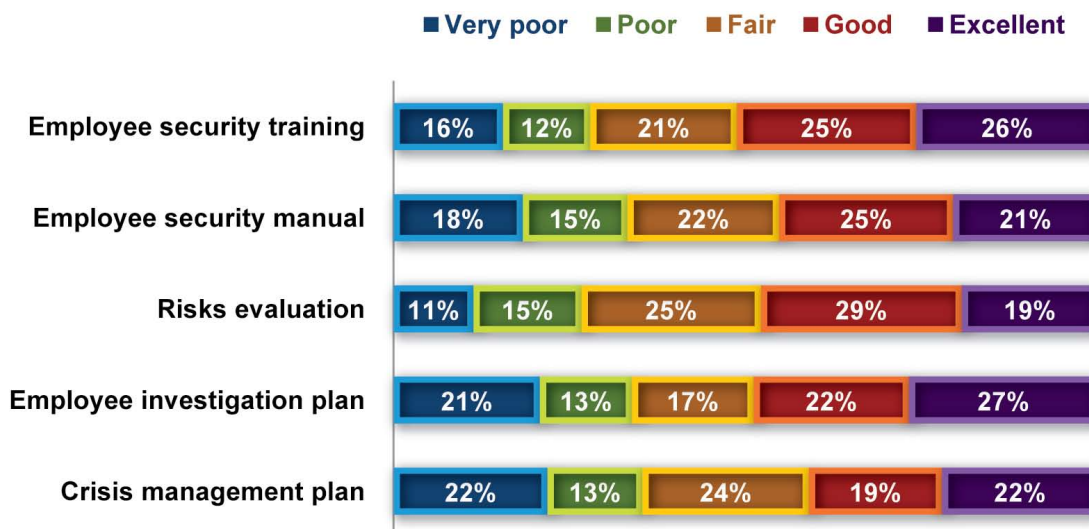
**New Security Measures Taken in the Last Year to Protect the Company and Employees**



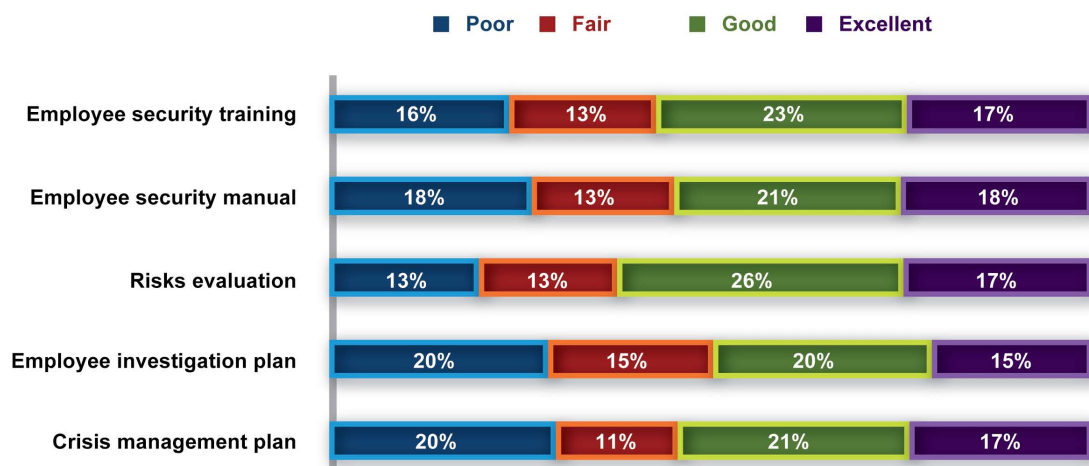
## Assessment of Adopted Measures

The majority of those surveyed considered the quality of implementation and communication of the security measures adopted by their companies to be fair to good. Nonetheless, a considerable amount responded that the implementation had been deficient, above all in the case of crisis management plans and employee investigation plans. This situation was consistent with that shown in the results of previous years.

### 2013 Quality Ratings for the Implementation and Communication of Each Measure



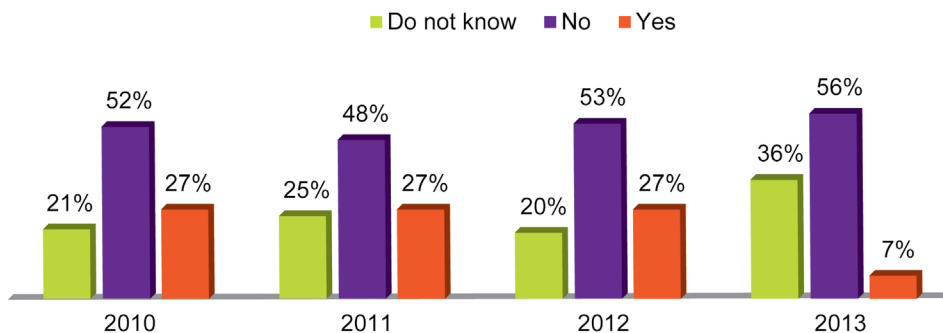
### 2012 Quality Ratings for the Implementation and Communication of Each Measure



## Operations in Mexico

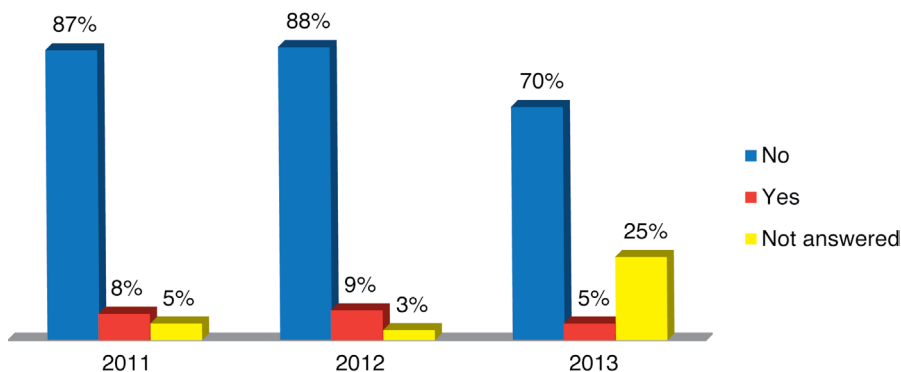
Of the surveyed companies, 56% responded that they did not reconsider their investments in Mexico for security reasons. The proportion of companies that contemplated reducing their investments in the country is, by large, the lowest it has been in recent years.

**Companies that Have Reconsidered Their Investment Plans in Mexico for Security Problems During the Past Year**



Likewise, 70% of the companies responded that they would not transfer their operations to another part of Mexico for security reasons. Note that the number of companies that moved the headquarters of their facilities is lower than in the last three years.

**Transfer of Operations within Mexico**

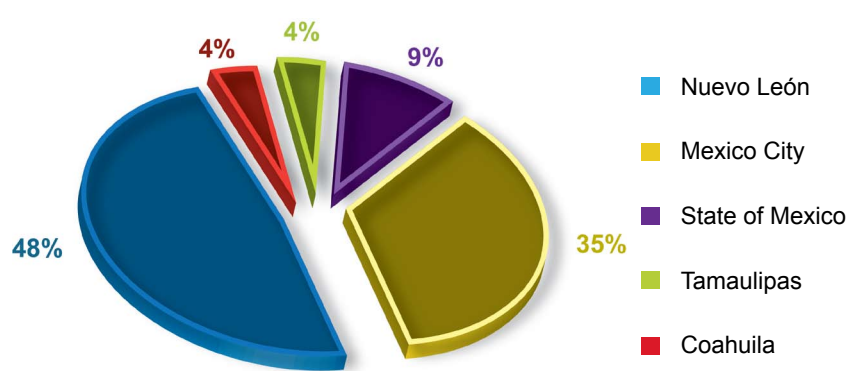


The majority of the companies that changed their location for security reasons is found in Nuevo León, with 48% of the total; following are those located in Mexico City with 35%. Those in the State of Mexico represent the lowest number, with 9%.

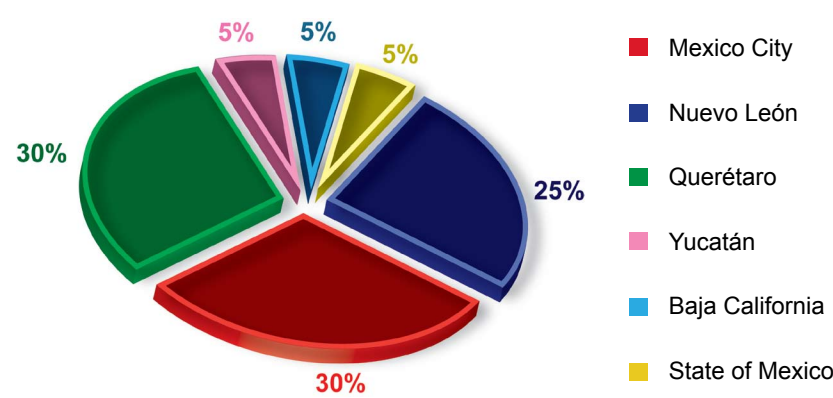
Of the sites that accounted for these companies, it is worth highlighting that Mexico City and Querétaro each represent 30%, and Nuevo León represents 25%. As can be observed, although Mexico City and Nuevo León are cities that companies have left, they have also attracted other business.

Other sites that attracted companies seeking relocation were the State of Mexico, Yucatán and Baja California, which together represent 15%. Querétaro is the only location that attracted a great number of companies without a deficit against it.

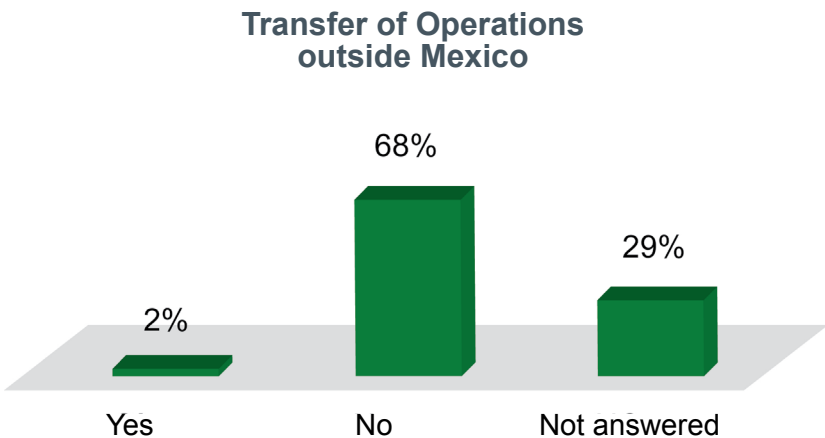
Previous Location



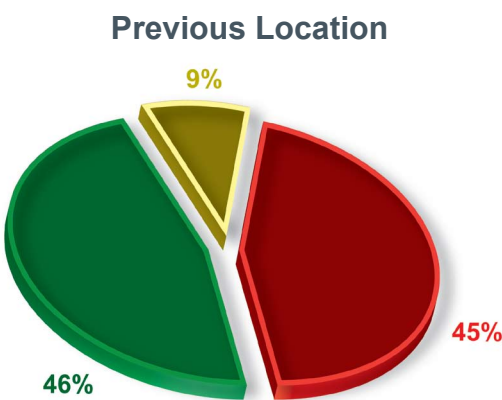
New Location



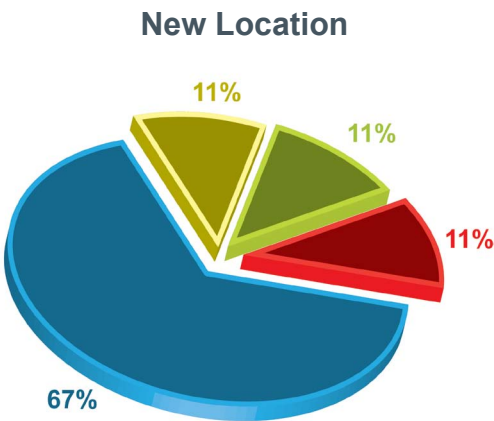
On the other hand, only 2% of those surveyed have moved or plan to move their company to another country for security reasons.



The companies that transferred outside of the country were located in three sites: 46% in Mexico City, 45% in Nuevo León and the remaining 9% in Tamaulipas. They were received in the following areas: 67% moved to Texas, U.S. and the others were divided equally (11% each) between Chile, Canada and several Asian countries.



- Mexico City
- Nuevo León
- Tamaulipas

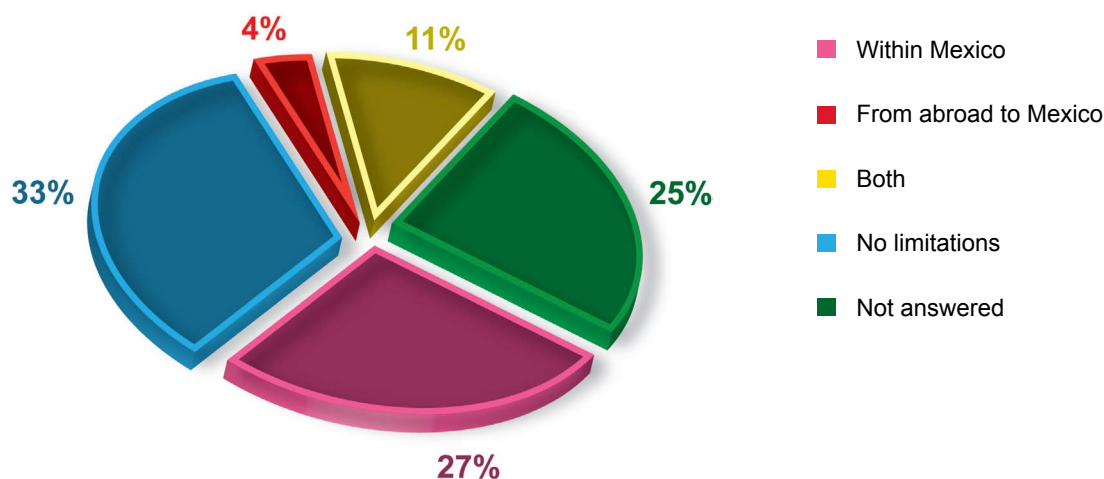


- Canada
- U.S.
- Asian Countries
- Chile

## Limitations on Business Trips

Regarding travel limitations due to security problems, it is noteworthy that 33% of the survey participants responded that they have no limitations. Moreover, limitations for travel from abroad to Mexico were lower in relation to the previous edition, decreasing from 16% to 4%.

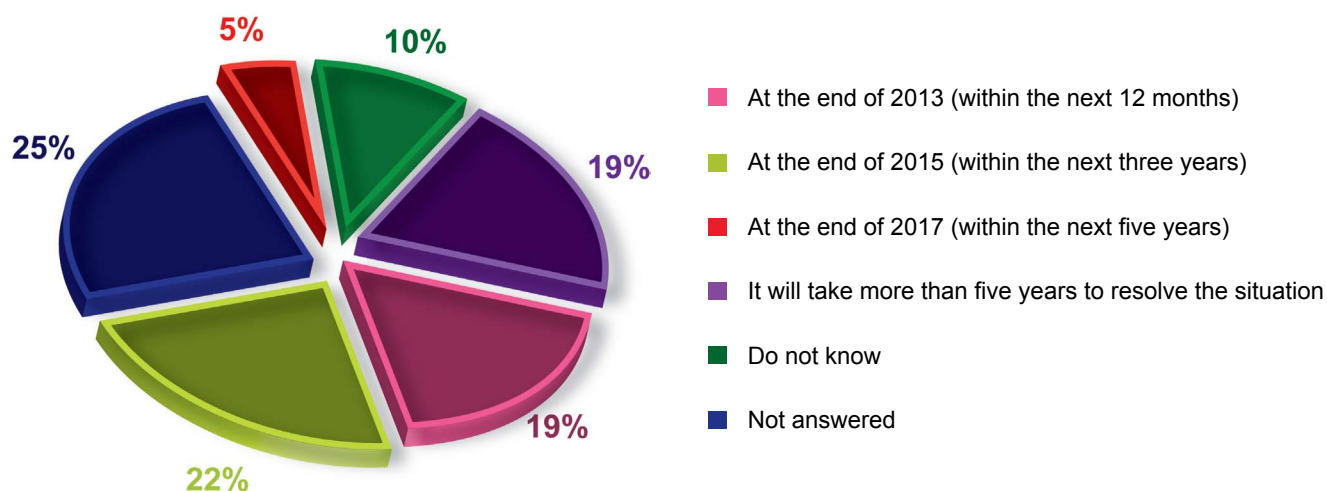
Limitations on Business Trips



## Plans and Expectations for 2013

Regarding expectations for the improvement of security in Mexico, 22% of those surveyed anticipate that the situation will improve by the end of 2015; 19% think it will take 12 months and another 19% believe the improvement will be delayed for over five years. This means that the majority of those who did respond (46%) think the security situation will improve in the next five years.

Expectations for the Improvement of Security in Mexico



## Conclusions

This year's survey presented a variety of interesting and positive results:

- There is an excellent level of investor confidence in Mexico, as almost all who responded to the survey stated they did not have plans to move or change their location due to insecurity, which indicates investors' confidence in Mexico. In fact, the vast majority of companies will continue with their investment plans within the country.
- Similarly, the security situation in the country has become a less important factor for limiting business trips.
- As opposed to earlier editions, this year a large proportion of survey participants considered their company to be equally or more secure on this occasion, and they expect the security situation in Mexico to improve within the next five years.
- Regarding the frequency and cost of security incidents within companies, this edition's results confirm the decreasing trend that has been experienced in the past years. The most common continue to be violence toward employees and attacks on the supply chain, but the frequency at which they take place reduced considerably this year.
- Likewise, losses related to attacks on the supply chain have continued to decrease for the second consecutive year.



## AMERICAN CHAMBER OF COMMERCE OF MEXICO, A. C.

The fifth Edition of The Impact of Security in Mexico on the Private Sector is published by AMERICAN CHAMBER OF COMMERCE OF MEXICO, within the framework of its Security Committee.

**Carlos Paz**  
President

**Guillermo Wolf**  
Executive Vice President and General Director

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**Thomas Gillen**  
Chairman

**Daniel Contreras**  
Vice Chairman

We would like to thank Héctor Coronado, Hewlett-Packard; Midori Llanes, Xerox; Daniela Fleischmann, KROLL México; Héctor Cortés, Mondelez; Víctor Martínez, Pinkerton C&I; Roberto Rivera, ADT; Carlos Ariza, Philip Morris; Francisco Rosas, UPS; Nelli Méndez, Realnet; José Juárez, Realnet and Fernando de la Rosa, ExxonMobil, for their invaluable contributions to this study.

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